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TAGS: ECON EINV ETRD EPET PREL PREF CD  
SUBJECT: GOC STILL COLLECTING INCREASED WORK PERMIT FEES FOR  
FOREIGNERS

REFTEL: NDJAMENA 338

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SUMMARY  
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¶1. (SBU) The Chadian Presidency's August decision to suspend implementation of a plan to demand large increases in expatriate work permit fees, following interventions by Esso and the USG, appears to have given some breathing room to some foreign workers and to firms who wish to employ them (including the oil consortium and its subcontractors, and also the USG). Unfortunately, several local and foreign-owned businesses have been paying the higher fees (equivalent on one-month's salary) originally levied earlier this year by the GoC, despite assertions by the GOC's employment office that the August moratorium on increased fees applies to all companies. In general terms, the work permit situation here does not speak well for the GOC or the business environment in Chad. END SUMMARY.

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ESSO'S MORATORIUM...  
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¶2. (SBU) Following July and August 2009 interventions by Ambassador Nigro and Esso Director Stephane de Mahieu (reftel), the Chadian Presidency agreed to put on hold the implementation of two spring decrees governing foreign workers in Chad. Esso and the USG objected on financial grounds to a GoC decree that raised the work permit fee for foreign workers from 250,000 CFA (500 USD) to the equivalent of one month of the employee's salary. Esso objected on capacity grounds to a second degree requiring companies to transfer foreigner-encumbered positions to Chadians.

¶3. (SBU) We and ESSO believed at the time the government agreed to review the work permit fee increase that the moratorium would remain in effect only until the end of 2009. But Abdelkerim Batil, Director of the National Office for Employment Promotion (ONAPE), recently confirmed that implementation of the increased fee plan would not take place before an unspecified time in 2010, and that all companies employing foreign workers would be exempt until then.

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IS NOT ENJOYED BY OTHER COMPANIES  
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¶4. (SBU) In the past several days, Embassy has learned that in practice, the GOC has been giving a pass only to Esso, its subcontractors, and certain other select companies. (Embassy

N'Djamena and other diplomatic missions have not been charged fees for our third-country nationals and would object strenuously on a variety of grounds if we were.) An informal Embassy survey of both local and foreign businesses in Chad employing foreign workers reveals that many companies are already being assessed -- and paying -- the equivalent of one month's salary for foreign employees' work permits. International hotels Novotel and Kempinski, Commercial Bank and ECObank, Ethiopian airlines, and the parastatal Chadian Sugar Company have all told us that they have paid one-month-salary fees for expatriates' work permits. These companies were not made aware that the moratorium supposedly applied to all firms. They assert that Esso has been the recipient of preferential government treatment.

¶ 15. (SBU) Esso director Stephane de Mahieu told Embassy staff September 18 that other companies should protest and refuse to pay the increased permits fees as Esso had done. If companies capitulated, he noted, Esso's position would be harder to maintain. De Mahieu said he hoped that Esso's MOU with the government would ultimately protect the company from permit fees matter even if levying the fees became generalized.

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COMMENT  
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¶ 16. (SBU) Emerging facts in the work permit situation do not speak well for the GOC or the business environment in Chad. From Esso's perspective, an increase in expatriate work permit fees to one-month's salary could lead to a shuttering of operations, as the company will not be able to afford expatriate technical staff required to run its oilfields. Still, as oil accounts for 75 percent of the GOC's revenue, the GoC is unlikely to take action

that would lead to Esso's shutting down. In a country fraught with corruption, the unequal application of regulations or even the appearance of preferential treatment is troubling as well. We will continue to reach out to businesses and diplomatic counterparts to further assess the situation, and will of course resist being assessed fees for our own third-country nationals.

¶ 17. (U) Minimize considered.

SBREMNER